

Rule Summary and Fiscal Analysis (Part A)**Department of Job and Family Services**

Agency Name

Division of Medical Assistance

Division

Nancy Van Kirk

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5101:3-26-02

Rule Number

AMENDMENT

TYPE of rule filing

Rule Title/Tag Line

**Managed health care programs: eligibility, membership and
automatic renewal of membership.****RULE SUMMARY**

1. Is the rule being filed consistent with the requirements of the RC 119.032 review? **No**

2. Are you proposing this rule as a result of recent legislation? **Yes**

Bill Number: **HB66**General Assembly: **126**Sponsor: **Rep. Calvert**

3. Statute prescribing the procedure in accordance with the agency is required to adopt the rule: **119.03**

4. Statute(s) authorizing agency to adopt the rule: **5111.02, 5111.16, 5111.17**

5. Statute(s) the rule, as filed, amplifies or implements: **5111.01, 5111.02, 5111.16, 5111.17**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

To clarify eligibility for mandatory enrollment in managed health care programs, needed to implement the mandates of R.C. 5111.011, 5111.16, 5111.163, 5111.164, and Section 206.67.21, as amended by Am. Sub. HB 66.

7. If the rule is an AMENDMENT, then summarize the changes and the content

of the proposed rule; If the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

This rule sets forth provisions and conditions for eligibility, membership, and automatic renewal of membership in managed health care programs. The changes to the rule add language to describe the covered families and children (CFC) and aged, blind, or disabled (ABD) groups eligible for mandatory enrollment. References to preferred option and continuity of care deferments have been deleted to mirror the requirements in the request for applications (RFA) for statewide managed care program expansion.

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

This rule incorporates one or more references to another rule or rules of the Ohio Administrative Code. This question is not applicable to any incorporation by reference to another OAC rule because such reference is exempt from compliance with ORC 121.71 to 121.74 pursuant to ORC 121.76(A)(3).

This rule incorporates one or more references to the Ohio Revised Code. This question is not applicable to any incorporation by reference to the ORC because such reference is exempt from compliance with ORC 121.71 to 121.74 pursuant to ORC 121.76(A)(1).

This rule incorporates one or more references to the Code of Federal Regulations (CFR). This question is not applicable to those references in this rule because such references are exempt from compliance with ORC 121.71 to 121.74 pursuant to ORC 121.76(B)(2).

This rule incorporates one or more references to the Social Security Act. This question is not applicable to any incorporation by reference to the Social Security Act because such reference is exempt from compliance with ORC 121.71 to 121.74 pursuant to ORC 121.76(B)(2).

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide an explanation of why filing the text or other material electronically was infeasible:

Not applicable

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

Not Applicable.

11. If **revising** or **refiling** this rule, identify changes made from the previously filed version of this rule; if none, please state so:

This rule is being revised to delete the words "covered families and children" and to insert the acronym "CFC" in the first sentence of paragraph (C)(3)(b).

This rule is being revised to change "(B)(2)" to "(B)(3)" and insert the acronym "CFC" before the words "assistance group" in the second sentence of paragraph(C)(3)(b).

12. 119.032 Rule Review Date: 7/1/2009

(If the rule is not exempt and you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: If the rule is not exempt at the time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No Change rules.

FISCAL ANALYSIS

13. Estimate the total amount by which *this proposed rule* would **increase/decrease** either **revenues /expenditures** for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will increase expenditures.

\$145,525,211

The proposed rule changes expand eligibility for Medicaid managed care program mandatory enrollment. Approximately 500,000 covered families and children (CFC) consumers and 146,000 aged, blind, or disabled (ABD) consumers are expected to enroll in managed care programs during the current biennium as a result of statewide program expansion.

It is anticipated that this expansion will result in cost savings to the agency in future

years. An initial increase in agency expenditures is anticipated, however, to cover both fee-for-service costs (due to a payment lag) and the start-up costs of implementing a statewide expansion of the program. This increase is estimated at \$145,525,211 (all funds) for the current biennium. This figure is the sum of SFY 2006 expenditures (\$33,506,966) and SFY 2007 expenditures (\$52,241,276) for program expansion to the CFC population and SFY 2007 expenditures (\$59,776,969) for program expansion to the ABD population.

Provisions of Am. Sub. H.B. 66, 126th G.A. generate revenue to cover the increased costs associated with managed care program expansion. Beginning January 1, 2006, Medicaid managed care organizations are required to pay a quarterly franchise permit fee to pay for increased expenditures incurred by the agency during the transition of consumers from the fee-for-service delivery system to the managed care delivery system. In addition, a transfer from the Tobacco Master Settlement Fund to the ABD Managed Care - State Fund, in the amount determined necessary to implement the ABD managed care program, is to be made on or about July 1, 2006. The dollar amount of this revenue has yet to be determined.

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

600-525 Health Care/Medicaid; 600-653 Managed Care Assessment; 600-623 Health Care Federal; 600-698 ABD Managed Care State; 600-699 ABD Managed Care Federal.

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

No new costs

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **No**

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**